

FISCAL NOTE

HB 174 - SB 355

February 19, 2003

SUMMARY OF BILL: Exempts federal employees from the professional privilege tax.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact - Not Significant since the Attorney General in Opinion No. 03-002 has opined that the exemption for full-time state employees (Chapter 856, Public Acts of 2002) contained in the Professional Privilege Tax violates the doctrine of intergovernmental tax immunity by favoring state employees over federal employees and indicated the Department of Revenue should remedy the statute's constitutional infirmity by extending the exemption to federal employees. Therefore, any fiscal impact occurred subject to the act passed last session and this bill merely amends the statute to reflect actions being implemented by the Department of Revenue to comply with the Attorney General's opinion.

For information purposes, it should be noted that the application of the tax for federal employees at the \$400 level would have generated at least \$1,150,000. Therefore, the state will realize a reduction in state revenues in excess of \$575,000 for FY02-03 and FY03-04 and forego revenues in excess of \$575,000 for FY02-03 and FY03-04 due to implementation of Chapter 856, Public Acts of 2002.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director